

**BROWNFIELDS STUDY GROUP  
FINANCIAL SUBCOMMITTEE MEETING  
May 19, 2006**

**I. Attendees**

Scott Brockway, UEC, Inc.  
Laurie Egge, DNR  
Nancy Frank, UW-Milwaukee  
Mark Giesfeldt, DNR  
Johanna Howard, City of Milwaukee  
Maureen Hubeler, DNR  
Dan Kolberg, DNR  
Jessica Milz, DNR  
Tom Mueller, Jr., TEMCO  
Michael Prager, DNR  
Andrew Savagian, DNR  
John Stibal, City of West Allis  
Mark Thimke, Foley & Lardner  
Scott Wilson, Ayres Associates  
Paul Zovic, Shaw Environmental (on conference phone)

**II. Welcome, Introductions, Agenda Repair**

Attendees agreed to move up the 11:30 a.m. “State Biennial Budget Process” item on the agenda before “Identify Key Funding Issues” so they could talk about timing and strategy first before identifying issues

**III. Roles In the Big Funding Picture**

Subgroup Role?

Mark Giesfeldt reminded the attendees that the Study Group had discussed the issue of being proactive at their last meeting in December 2005

John Stibal: I agree, I think we need to get out in front and get something formalized in front of the whole committee

**Group agreed to meet and make recommendations to the Study Group before the main group acts in support of or in addition to any state brownfield budget proposal, which would probably occur in mid-fall**

**Group also agreed to make formal recommendations to the full Study Group**

Brownfields Study Group Role?

Attendees briefly discussed this item, suggesting several options for the Study Group but made no formal decisions.

Options included sending the governor, state agencies and legislators:

- \*letter with supporting materials
- \*small “mini” Study Group report

- \*working with state agencies during and after internal budget process for brownfield programs
- \*visiting legislators after governor submits budget and during legislative budget process
- \*all of the above

#### **IV. State Biennial Budget Process**

Mark Giesfeldt gave a brief talk about the steps involved in the DNR budget process and briefly outlined some of the funding ideas coming from the RR Program; no one from the Department of Commerce was able to make it, but they follow a similar schedule (minus approval from the Natural Resources Board)

- **May** – Air & Waste Division submits budget package for internal analysis
- **May-August** – Internal DNR budget analysis and final package completed
- **September** – Natural Resources Board (NRB) approves, final DNR budget goes to DOA

Giesfeldt: The most important aspect to our proposals is sustaining the RR Program staff and the services that come with that staff; we've been seeing state and federal funding sources either stay flat or decline, and we've also seen a steady decline in fees for our services, so the Program has been looking for a larger funding source that can provide us with funding stability for the Program without relying as heavily on fees

Giesfeldt: We're looking at many options; of course the vehicle impact fee is an important source and we have for a number of past budget proposals either proposed raising the fee and/or requesting the repeal of the sunset clause but have been unsuccessful

Giesfeldt: In relation to the vehicle impact fee; we're discussing the idea of realigning the funding to more appropriately meet the agency needs, i.e. more of the vehicle impact fees should be at DNR like the agricultural fees should be at the Agriculture Department

Giesfeldt: Other issues we've talked about include (but are not limited to):

- \*additional bonding for state-funded cleanups; asking for \$3 million to continue with state-lead cleanups of contaminated properties where the RP is unknown, unable or unwilling
- \*want to continue to promote 30<sup>th</sup> St. Industrial Corridor brownfields work;
- \*a couple of items that won't make it in the program's budget proposal was seed money to help the state's brownfields insurance program and a landfill cleanup program

Giesfeldt: Finally, the Drycleaner Environmental Response Fund (DERF) is not sustaining itself, so if the sustaining-program approach succeeds, DERF could also be addressed; we also know that the industry is willing to put up some additional funding but they want the state to match

Stibal: How big is the backlog?

Giesfeldt: The fund is out of money at the end of the calendar year, so there'll be nothing for six months, then as more fees come in there'll be funding for a short time, then again would be out of funds; this is a viable brownfields tool

Stibal: We as a group need to decide if our issues should go to the NRB or to the Legislature – does the Board want our input?

Giesfeldt: They're not as engaged in our program compared to in years past

Mark Thimke: Is there a way to present to them, to educate, to engage?

Scott Wilson: In the interest of keeping our good will with both "sides of the aisle," we should have one of Carol Roessler's staff sitting in as part of this group; ask her aide Karen and perhaps other legislators to get involved

Nancy Frank: makes sense during the budget administrative process

Thimke: I also recommend we ask to speak to the NRB

**Mark Giesfeldt will talk to Al Shea about sharing budget information with the subgroup/Study Group**

**The group agreed on that the Study Group should engage the Natural Resources Board more and/or make a presentation**

## **V. Identify Key Funding Issues**

Group discussed the funding issues in a broader context, covering all of the bullets under this agenda item in one general discussion, with an initial discussion focusing on the RR Program's budget plans based on Mark Giesfeldt's comments

Thimke: What about the idea of taxes, go back to the program revenue fees? In relation to the concept of products, the bureau might want to put out there the idea that customers/clients would purchase the service from you – set up a fee structure, then the client would get that particular item/service from the bureau that matched with a tax-based system might help

Giesfeldt: You can always raise the fees, but you have to go through a rule approval and can only charge for what the work requires, that's been the concept since the beginning; one of the regions did actually complete a study on how much it costs to do the work vs. the fees we charge, and the results showed we probably could be charging more than what we currently do

Frank: Couldn't you use that information to say, "Look how much we're subsidizing this service?"

Stibal: That's still a legitimate option

Thimke: Another item relates to plant closures; with closures, there's a 2-4 year lag where nothing happens; what if you were able to get in and do the environmental work sooner, get the approvals, market the property, etc., so there's a faster transition to something else; maybe we need to create a fee-based program to get that done

Stibal: We pay that fee for their expertise, but what we're paying the DNR is really not a whole lot and it's the best buy in town

Dan Kolberg: The \$500 the agency charges doesn't even come close to what is involved work-wise

Stibal: We'll spend \$10,000 just to review the letter that DNR has done

Giesfeldt: Something just be aware of, of course, is that not everyone agrees with the idea about the DNR being cost friendly – some individuals from other parts of the state think we charge too much

Prager: Folks don't often request many of the services we provide, like site investigation reports or remedial work plans, but it would benefit them; for a future meeting we could provide data on the types of fee for services we provide

Johanna Howard: I know we'd be willing to pay a lot more for faster review vs. a regular review, i.e. expedited fees

Scott: With the DNR and Commerce, they have their spreadsheets that say they gave out X amounts and created X amount of jobs, put X amount of properties back on the tax rolls, X amount of tax increase, etc. – what if we provided incentive-based funding increases to state agencies for achieving certain results?

Nancy: More variable fees sounds like a good idea, maybe also vary the fees related to the complexity of sites; I was also wondering if for the vehicle impact fee, there could be increase proposed on gas guzzlers only; also groundwater's becoming a bigger issue, and we need to figure out how to tie in to funding for groundwater work

Giesfeldt: Groundwater is the major emphasis for our division related to the DNR's goal of protecting people and the environment

Stibal: Also, we need to respect that DNR staff is limited and perhaps burning out; there may be a need to either hire staff which we probably can't do, or we out-source and contract to do the extra work

Giesfeldt: You would need to be aware that there would likely be a union issue related to that idea

Paul Zovic (via telephone): I agree, there are a lot of clients and a lot of owners who would pay more for better, i.e. quicker, services, and there are the rural areas where they don't want to pay anything; I also understand why prioritizing based on dollars would be problematic, and basing it geographically also has its problems; what about putting together some matrix of priorities that are more complex – so it could involve paying more for quicker service, more jobs impacted or more impact to local economy, environment, etc.

Andrew Savagian: So who goes first, who goes second and so forth would be based upon an agreed-upon set of factors?

Zovic: Correct

Savagian: Don't forget to review the previous work completed by the Study Group; you have a 2000 Final Report that had several pages of financial recommendations; I'd be willing to volunteer with someone to go over these recommendations and see what, if any, are worth pulling out and putting in our draft list of suggestions; for example, does anyone remember if the real estate fee transfer was a good idea?

Thimke: I think we nixed that because realtors and developers would hate that idea

Stibal: Does the status quo work? I don't know we know that answer yet, we need more information

Frank: We're trying to quantify economic impacts of SAG and Commerce grants, but we need to see that information before we can make any decisions

Wilson: From a strategic standpoint, we should also think about what may happen during this budget process and how best we can counter it or support it

**Group agreed that the DNR and Commerce should put together some information on their agencies' respective brownfields funding programs and present that to the subgroup**

**Group also agreed that they need to get more information, including stats/presentations from Jason Scott (Commerce Brownfields) and revenue projections from Lance Potter (DNR Budget Office) and Kendra Bonderud (Legislative Fiscal Bureau)**

Howard: For site assessment, we use this money a lot, and what we've run into now is we have a number of properties assessed but not enough financial assistance to get the cleanup started; is there a way to either get more cleanup money in the SAG program or to change SAG so that some of the site assessment money could go for cleanup

Howard: For example, we have a number of smaller sites where we got money for assessment, the assessments done, and the sites are sitting there because we apply for the cleanup money with bigger sites so we can get more bang for our buck

Frank: The SUDZ was kind of suppose to address that, but it was funded a little bizzarly

Tom Mueller, Jr.: For the SAG there's no end user and for Commerce no end user, so maybe we need something in between

Howard: Maybe you get extra points for SAG because you have an end user?

Kolberg: Maybe present it positively Johanna's argument that it's time to expand that it's become so successful, we need to deal with this group that falls in the middle

Howard: If getting more money is a problem, maybe instead of asking more money provide the option for cleanup or assessment

Giesfeldt: As you look at what to fund and how much, maybe you look at riverfronts and their funding

Savagian: And there may be a need to look at a Brownfields Rural Development Grant program

Savagian: What about the Land Recycling Loan Program?

**Maureen Hubeler will get Drew funding stats for the LRLP**

Thimke: Another potential idea, you have companies that are sold or are being dissolved, and some of these have contamination issues so it's often difficult to get the transactions going; what if the state could set up a mechanism where monies from that liquidation/dissolution went to pay

for the cleanup, or pay the state to clean up the site and relieve the company(ies) from liability, similar to the transference idea that's currently out there

Prager: That idea could fall under the new federal accounting standards for corporations

Taxes...Federal? John Stibal – New Market Tax Credits, Dev. Zone Tax Credits

Wilson: What about Greenspace? Is that also oversubscribed 2 to 1 like the SAG and Commerce grants?

Prager: Yes, not quite 2 to 1, but we'll see what happens with this next round

Zovic: At some point there was a lot of talk about sharing information, using web sites to see what's been done for new jobs, etc.; I'm wondering if there is any sense to look at what HAS NOT been funded because there isn't enough money; let's look at what's NOT getting done, projects that didn't get cleaned up

Stibal: Called "Opportunity Costs"

Prager: We will try and think about sites that never even applied, there's probably lots of lost opportunity out there

Wilson: What if we held a Brownfields Day at the State Capitol Building? Have displays and/or poster sessions, presentations, etc. I think we're missing a key opportunity to educate our legislators

Group also briefly discussed tax incentives PECFA and the Drycleaner Environmental Response Fund (DERF), but provided no recommendations

#### NEXT STEPS

**Drew will take notes and put together a draft list of suggestions, and send those to everyone via email, along with the meeting notes, for review before the next meeting**

At the next meeting, the group will review and prioritize these funding suggestions and see what needs further fleshing out/discussion

NEXT MEETING – July or August

**Adjourn**